

THE I/FAX



ADMINISTERED BY ILLINOIS STATE TREASURER ALEXI GIANNOULIAS

Contact us at www.illinoisfunds.com or 1-800-346-7414

JULY 2008

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Yesterday's Rates 7/10/08

Money Market Fund

1.998%

Prime Fund

2.138%

What people are saying about Rapid Revenue

"Direct deposit allows state distributions to go to work faster than receiving checks through the mail. That feature means a significant increase in returns. The ability and ease with which funds can be transferred to our bank is another reason the City of Zion is pleased to be involved in the Illinois Funds program."

*Larry Pannell
Director of Finance
City of Zion*

"Rapid Revenue is convenient, reliable and secure. There really is no reason not to use Rapid Revenue."

*Scott Borror
Asst. Director of Finance
City of Highland*

MARKET PERSPECTIVE

By Mark Polistina

All systems hold! The Federal Reserve Open Market Committee (FOMC) concluded a two-day meeting on June 25th with a policy statement that reiterated the status quo. Essentially, the FOMC failed to imply that the risk of inflation was greater than the risk of weakness. With a balanced expectation from the FOMC, the markets anticipate no movement on rates in the near term.

The Fed seems to be walking a thin line, trying to balance expectations and fears on both sides of the weakness and inflation fronts. Our current economy is slowing to a crawl and prospects of improvements seem months away. According to the "Blue Chip Financial Forecasts," a majority of the

economists they surveyed believe the economy is in or will enter a recession this year. Increased costs for staples and gas have driven households to curb spending further, exacerbating a slowing economy. When consumer spending wanes so does the broader economy.

The increased costs of staples and gas usually filter down to all products and services that represent the broader economy. In essence, short term spikes can be absorbed without broader implications, but longer term spikes in these costs eventually force the costs of most products and services to increase, creating an inflationary cycle. When inflation is broad based and not equaled by income gains, less products and services are purchased, thus creating a weakening economy.

With the FOMC implying a balanced scenario, at the moment, a hold on any movement in rates appears imminent.

Mark Polistina is the Portfolio Manager for the Illinois Funds.

Public Investors' Fall Financial Symposium

Watch your mail. Information on the 2008 Public Investors' Fall Financial Symposium, which will take place in the Chicago area, will be coming soon.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 6/30/08

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,084
Monthly Investment Earnings (in 1000's)	\$8,748
7 Day Yield*	2.06%
One Month Yield*	2.05%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	20

*Yield Net of Fees

Prime Fund (7-day Liquidity) after 30-day minimum term

Net Portfolio Assets (in millions)	\$2,072
Monthly Investment Earnings (in 1000's)	\$3,930
7 Day Yield*	2.29%
One Month Yield*	2.28%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	32

*Yield Net of Fees

Monthly Public Sector Rate Comparison

The Illinois Funds, MMF	2.05%	The Illinois Funds, Prime	2.28%
S&P Govt Inv Pool-Govt Fund Index	2.06%	S&P Govt Inv Pool-Taxable Funds Index	2.38%
IL School Dist Liquid Asset	2.31%	IL School Dist Liquid Asset Max	2.39%
3 Month Treasury Bill	1.87%	3 Month Treasury Bill	1.87%
6 Month Treasury Bill	2.18%	6 Month Treasury Bill	2.18%

Monthly Private Sector Rate Comparison

The Illinois Funds, MMF	2.05%	The Illinois Funds, Prime	2.28%
IMoneynet™ - Govt. Institutional	1.73%	Federated Govt Obligations	2.15%
Fidelity - 695 Treas Fund	1.93%	Fidelity - 57 Govt Fund	2.21%
Goldman Fin Sq Treas Fund - 468	1.93%	Goldman Fin Sq Govt Fund - 465	2.31%
30 Day Time Deposit	1.93%	90 Day Time Deposit	2.69%

FUND COMPOSITIONS

Money Market Fund

44.1% - Repurchase Agreements
5.8% - Money Market Funds
2.0% - Certificates of Deposit
0.0% - Treasury Bills
48.1% - U.S. Government Agencies

Prime Fund

41.1% - Repurchase Agreements
1.6% - Certificates of Deposit
33.5% - US Government Agencies
1.2% - Money Market Funds
22.6% - Commercial Paper

E-Pay Account Rate

1.998% 7/10/08

1-866-831-5240

www.illinoisepay.com

Rapid Revenue Acct. Rate

1.998% 7/10/08

1-800-346-7414

Visit our website at www.illinoisfunds.com for further information.